Guidelines for Foreign Investment

†3086. SHRI DILIP SINGH JUDEV : Will the Minister of COMMERCE AND INDUSTRY be pleased to state :

(a) whether Government have issued any guidelines regarding foreign investment in the sectors which are not covered under the automatic approval list;

(b) if so, what are the details thereof;

(c) to what extent these new guidelines have helped in promoting foreign investment in India; and

(d) the total number of proposals sanctioned so far related with foreign investment?

THE MINISTER OF STATE IN THE MINISTRY OF COMMERCE AND INDUSTRY (DR. RAMAN) : (a) and (b) Yes, Sir. Government, in its commitment towards economic reforms, have announced the new Foreign Direct Investment (FDI) Policy thereby placing all items/activities under the automatic route for Foreign Direct Investment (FDI), Non-Resident Indians (NRI) and Overseas Corporate Body (OCB) investment except for a small negative list. Automatic approval is not available in following cases:—

1. All proposals that require an Industrial Licence which include

   (i) the item requiring an Industrial Licence under the Industries (Development and Regulation) Act, 1951;

   (ii) foreign investment being more than 24% in the equity capital of units manufacturing items reserved for small scale industries; and

   (iii) all items which require and Industrial Licence in terms of the locational policy notified by Government under the New Industrial Policy of 1991.

2. All proposals in which the foreign collaborator has a previous venture/tie-up in India. The modalities prescribed in Press Note No. 18 dated 14-12-1998 of 1998 series shall apply in such cases.

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†Original notice of the question was received in Hindi.

3. All proposals relating to acquisition of shares in an existing Indian company in favour of a foreign/NRI/OCB investor.

4. All proposals falling outside notifed sectoral policy/caps or under sectors in which FDI is not permitted and/or whenever any investor chooses to make an application to the FIPB and not to avail of the automatic route.

All propsals for investment in public sector units as also for EOU/ EPZ/EHTP/STP units would qualify for automatic route subject to above parameters.

(c) The guidelines were issued on 11-2-2000. The liberalisation of FDI policy is generally welcomed by the foreign investors.

(d) The total number of propsals involving foreign direct investment approved during the period August, 1991 to December, 1999 is 10,237.

Independent Export Promotion Council for Drugs and Pharmaceuticals

3087. SHRI K. KALAVENKATA RAO : Will the Minister of COMMECRE AND INDUSTRY be pleased to state :

(a) whether Government propose to constitute an independent Export Promition Council for bulk drugs and pharmaceuticals with headquarters at Hyderabad to boost international trade in drugs and pharmaceuticals; and

(b) if so, by when a final decision will be taken keeping in view the special needs of pharmaceutical industry?

THE MINISTER OF COMMERCE AND INDUSTRY (SHRI MURASOLI MARAN) : (a) No, Sir.

(b) Does not arise.

Integrated Infrastructural Development Scheme for Bihar

3088. SHRI S.S AHLUWALIA : Will the Minister of COMMECRE AND INDUSTRY be pleased to state :

(a) whether with a view to promoting clusters of units in rural and backward areas of Bihar, Government have sanctioned some projects under the Intergrated Infrastuctural Development Scheme;